

INCLUDED IN THIS ISSUE

Crop Weather Agricultural Prices Received ERS

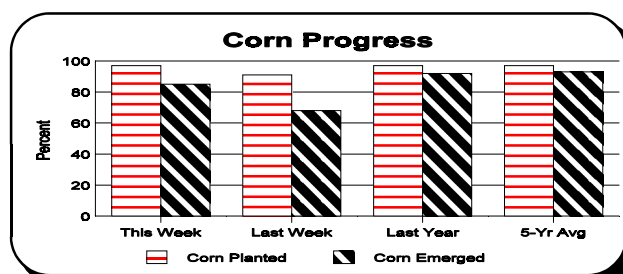
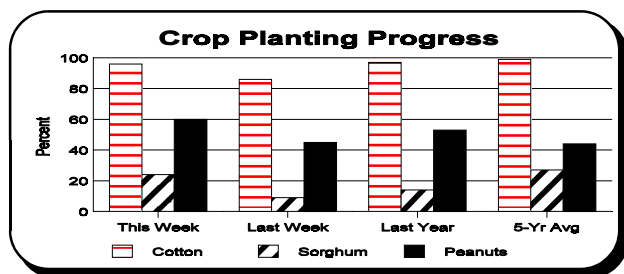
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CROP SUMMARY FOR THE WEEK ENDING JUNE 1, 2003

NEW MEXICO: There were 6.6 days suitable for fieldwork. Wind damage was 30% light and 7% moderate. Hail damage was 3% light. Farmers spent the week irrigating and cutting alfalfa. There were some reports of insect activity, especially with miller moths. Alfalfa condition reported mostly between fair and good with 84% of the first cutting complete and the second cutting at 11%. Some of the alfalfa already cut was washed away in Eddy County by heavy rains. This area also reported cotton damage and loss of pecans. Total sorghum planted was reported at 24% planted. Corn was 97% planted and 85% emerged, with conditions reported as 1% poor, 45% fair, 47% good, and 7% excellent. Cotton was 96% planted with conditions reported at 2% poor, 53% fair, 33% good, and 12% excellent. Total winter wheat was 100% headed, with conditions increasing to 40% very poor, 30% poor, 21% fair, 8% good, and 1% excellent. Lettuce was reported at 100% harvested. Chile conditions were mostly good to excellent. Onions were reported as fair to excellent with the harvest 30% complete. Peanut planting was reported as 60% complete and conditions as 91% fair and 9% good, although there were reports of some areas having problems with peanuts drying out from winds. Apple conditions dropped slightly with fruit set at 90% light and 10% average. Pecan conditions were reported between fair and excellent. Ranchers spent the week maintaining herds, supplemental feeding, and hauling water. Livestock conditions show a slight improvement with cattle reported as 6% very poor, 19% poor, 42% fair, and 33% good. Sheep saw a slight increase with 10% very poor, 18% poor, 50% fair, 17% good, and 5% excellent. Range and pasture conditions remained basically unchanged at 38% very poor, 37% poor, 23% fair, and 2% good. Native grass has begun to show signs of greening up with the moisture activity.

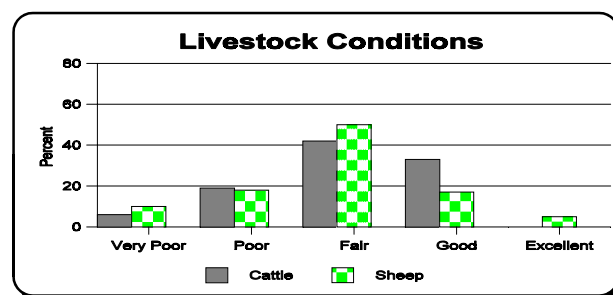
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CORN	Emerged	85	68	92	93
COTTON	Planted	96	86	97	99
LETTUCE	Harvested	100	80	80	92
ONIONS	Harvested	30	11	19	13
PEANUTS	Planted	60	45	53	44
SORGHUM	Planted	24	9	14	27



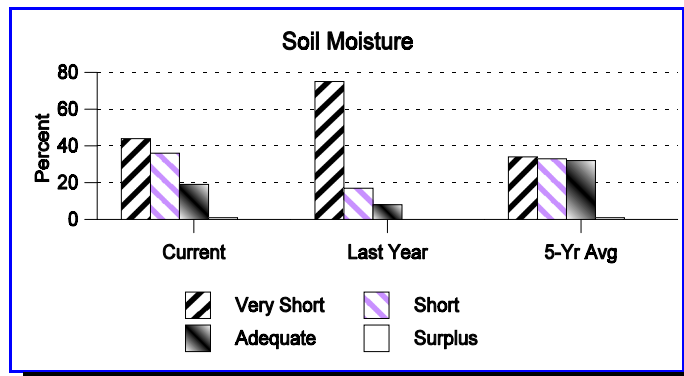
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	9	13	45	24	9
Apples	—	35	50	15	—
Chile	1	7	14	63	15
Corn	—	1	45	47	7
Cotton	—	2	53	33	12
Onions	—	—	12	53	35
Peanuts	—	—	91	9	—
Pecan	—	—	34	50	16
Wheat (All)	40	30	21	8	1
Cattle	6	19	42	33	—
Sheep	10	18	50	17	5
Range/Pasture	38	37	23	2	—



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	28	52	20	--
Northeast	47	39	14	--
Southwest	70	30	--	--
Southeast	38	25	35	2
State	44	36	19	1
State-Last Year	75	17	8	--
State-5-Yr Avg.	34	33	32	1



WEATHER SUMMARY

Temperatures for the week were above average at most locations except in the southeast corner of the state where they averaged just one or two degrees below normal values. The week began with some unsettled weather in the form of thunderstorms across the north. With moisture in place, thunderstorms persisted across portions of the north through the work week with showers most numerous over the mountains. Thunderstorms were more widespread on Sunday as a fast-moving upper level disturbance crossed the state. For the week, Johnson Ranch, Las Vegas, and Chama all measured over half an inch. Data incomplete for Silver City, Ruidoso, and Alamogordo.

NEW MEXICO WEATHER CONDITIONS MAY 26- JUNE 1, 2003

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	05/26 06/01	06/01 06/01	Normal June	01/01 06/01	Normal Jan-Jun
Carlsbad	75.9	102	58	T	0.00	1.30	3.06	3.95
Tatum	71.1	96	53	T	0.00	2.03	1.97	6.17
Roswell	73.9	99	56	T	0.00	1.52	1.10	4.75
Clayton	70.5	95	51	T	0.00	2.27	3.11	6.30
Clovis	71.6	99	54	0.50	0.00	2.84	1.70	7.01
Roy	66.2	94	50	0.00	0.00	2.08	0.75	6.06
Tucumcari	73.9	100	55	0.07	0.05	1.78	4.24	5.27
Chama	58.6	85	31	0.55	0.13	1.12	7.24	8.84
Johnson Ranch	65.8	92	41	0.55	0.55	0.68	2.65	3.77
Capulin	65.1	88	47	0.42	0.08	2.11	3.34	7.27
Las Vegas	64.1	89	41	0.66	0.07	1.92	2.23	5.76
Los Alamos	64.8	83	44	0.36	0.16	1.36	3.35	6.41
Raton	67.2	93	47	0.24	0.04	1.99	2.74	7.16
Santa Fe	65.6	93	39	0.29	0.05	1.17	2.40	5.26
Red River	53.9	76	32	0.34	0.11	1.40	7.79	8.92
Farmington	73.1	95	49	0.01	0.01	0.22	1.90	3.37
Gallup	66.4	90	35	0.02	0.00	0.45	1.56	4.19
Grants	66.4	91	37	0.14	0.05	0.55	1.72	3.03
Silver City	71.1	93	50	0.00	0.00	0.70	1.91	4.90
Quemado	65.6	94	37	0.00	0.00	0.74	2.65	4.19
Albuquerque	74.1	91	52	0.21	0.15	0.59	2.71	3.05
Carrizozo	70.4	92	45	0.00	0.00	0.78	2.05	3.50
Gran Quivera	69.0	91	46	0.00	0.00	1.01	1.54	4.71
Moriarty	67.4	95	42	0.01	0.00	0.92	2.21	3.99
Ruidoso	62.0	85	40	0.21	0.00	1.86	2.77	6.97
Socorro	72.1	92	48	0.04	0.00	0.57	0.80	2.50
Alamogordo	77.1	93	55	0.00	0.00	0.90	1.28	3.28
Animas	76.6	95	55	0.00	0.00	0.44	1.46	2.48
Deming	76.4	98	59	0.00	0.00	0.55	2.01	2.28
T or C	77.1	96	59	0.00	0.00	0.69	1.25	2.58
Las Cruces	77.4	97	55	0.00	0.00	0.72	1.76	2.27

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

DAIRY OUTLOOK
USDA, ERS, May 2003

Adjustments to Low Dairy Prices Start Too Late To Help 2004

The very low prices of 2002 and 2003 probably will generate substantial adjustments in production and use of milk and dairy products. However, initial adjustments have been very slow to begin and quite modest, failing to develop much momentum. At this pace, considerable time will be needed for enough slowing in production and recovery in use to eat away the current surplus and commercial stocks. First projections of 2004 dairy markets show only a slight rebound from this year's very low prices.

Milk cow numbers are expected to start declining soon from their winter high. With ample replacement heifers now available, most of the earlier farm expansions probably have been brought up to capacity. Relatively few farms will be in a position to begin new expansions based on recent returns, and these farms may buy discounted existing units rather than build new ones. On the other hand, the exit of dairy farms due to low returns may be on the verge of picking up. Direct payments under the Milk Income Loss Contracts (MILC) have sufficiently augmented savings from 1998-2001 returns to enable many small producers to persist so far. However, the MILC payments can only offset a small share of the milk price drops and probably only delay, not forestall, exit of these farms.

By the start of 2004, milk cow numbers are projected to be about 1 percent below a year earlier, with declines widening to almost 2 percent for most of the year. These would be the largest decreases since the early nineties.

Concentrate feed prices are projected to ease in 2004, and milk-feed price ratios are expected to be a bit more favorable than in 2003, although still very low. A return to more normal culling, the renewed exit of farms with low herd averages, and a slightly less conservative approach to concentrate feeding should aid recovery in milk per cow growth. Output per cow is projected to rise more than 2 percent (on a daily average basis) in 2004, following generally weak performance during 2001-03. Adequate supplies of good forage will again be key to milk per cow prospects, because current stocks of dairy-quality forage probably are marginal.

The expected one-half percent rise in 2004 milk production would be far less than the 1.7-percent average during 1997-2002 and below normal growth in dairy product demand. Fractional increases in milk production have been somewhat unusual in recent years, with changes tending to either sizable increases or declines.

Dairy Demand Fails To Catch Fire Commercial use of dairy products is expected to grow fairly briskly in 2004. The much lower prices should progressively stimulate sales, particularly in the restaurant and food processor markets. However, growth in dairy demand is not likely to fully recover from the 2002-03 slippage. Although the economy is expected to grow, there are a number of lingering weak spots and a seeming lack of vigor. Also, consumers evidently have shifted spending away from food.

Similar to adjustments in milk production, gains in dairy product sales have not developed much momentum. Increases in winter use appeared solid but were not very dramatic. Growth is not accelerating much and may be vulnerable to any significant strengthening in dairy prices. Considerably more robust demand, probably centered around cheese, likely would be needed during coming months to make much difference in 2004 prices.

Commercial stocks at the start of 2004 are projected to still be heavy, although probably not as large as during most of 2002 and early 2003. These stocks will buffer the price effects of slowing milk production and recovering sales. Similarly, the surplus of skim solids probably will be large enough to prevent any substantial increases in skim solids prices and to limit potential rises in cheese prices. However, the skim solids surplus is projected to fall to the lowest level since 1998. Meanwhile the surplus of milk-fat is expected to be near this year's modest level.

In 2003, farm milk prices are expected to fall \$0.50 to \$1.00 from 2002's already low \$12.19 per cwt. Unless the pace of market adjustments accelerates quickly in coming months, the recovery in 2004 farm milk prices does not seem likely to offset the 2003 decline, let alone the earlier drops.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: The May alfalfa hay price, \$148.00 per ton, was \$2.00 higher than the April 2003 price of \$146.00 per ton. The price per ton in the state the previous year was \$136.00 per ton. The average price for the U.S. in May was \$102.00. Cow prices for the stated averaged \$39.00 per hundredweight, a 70 cent drop from the previous month's price of \$39.70. The average for the U.S. in May was \$41.10 per hundredweight. Prices for steers and heifers during the month were \$80.40 per hundredweight compared to the April 2003 price of \$78.20. This price is \$5.40 higher than the May 2002 price and \$1.40 higher than the May U.S. average of \$79.00. Calf prices dropped from the April 2003 price of \$95.90 per hundredweight to \$92.20. Milk prices held steady at \$10.70 per hundredweight, but were 40 cents lower than the U.S. average of \$11.10.

Prices Received by Farmers: Selected Commodities, April 2003 and May 2002-03

Commodity	Unit	New Mexico			U.S.
		May 2002 ^{2/}	Apr 2003 ^{2/}	May 2003 ^{1/}	May ^{1/}
CROPS		-----Dollars-----			
Grain Sorghum	Cwt.	--	--	--	4.01
Cotton, Upland	Lb.	--	--	--	.466
Potatoes	Cwt.	--	--	--	7.06
Hay, all baled	Ton	133.00	142.00	144.00	99.20
Alfalfa, baled	Ton	136.00	146.00	148.00	102.00
Peanuts	Lb.	--	--	--	.239
Corn	Bu.	--	--	--	2.44
Wheat, all	Bu.	--	--	--	3.43
LIVESTOCK					
Sheep ^{3/}	Cwt.	--	--	--	30.90
Lambs ^{3/}	Cwt.	--	--	--	93.60
Cows	Cwt.	39.00	39.70	39.00	41.10
Steers & Heifers	Cwt.	75.00	78.20	80.40	79.00
Calves	Cwt.	90.90	95.90	92.20	99.30
Milk	Cwt.	11.60	10.70	10.70	11.10

^{1/} Mid-month. ^{2/} Entire month. ^{3/} April-Entire month.